



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
BOURBON COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2000**

**EDWARD B. HATCHETT, JR.  
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**EXECUTIVE SUMMARY**

**AUDIT EXAMINATION OF THE**  
**BOURBON COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2000**

The Auditor of Public Accounts has completed the Bourbon County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

**Financial Condition:**

Fund balances increased by \$255,242 from the prior fiscal year, resulting in a cash surplus of \$2,082,280 as of June 30, 2000. Revenues decreased by \$880,553 from the prior year and disbursements decreased by \$992,256.

**Debt Obligations:**

Total bonded debt principal as of June 30, 2000, was \$675,004. Future collections of \$674,983 are needed over the next 5 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$1,725,000 as of June 30, 2000. Future principal and interest payments of \$2,570,969 are needed to meet these obligations.

**Subsequent Events:**

Bourbon County issued \$4,705,000 in First Mortgage Revenue Bonds, Series 2000, dated August 1, 2000. The purpose of these bonds is to construct a new circuit and district courts facility. The bond payments begin February 1, 2001 and end on February 1, 2022.

**Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



<u>CONTENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT .....	1
BOURBON COUNTY OFFICIALS .....	3
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS .....	6
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES .....	10
NOTES TO FINANCIAL STATEMENTS .....	13
SUPPORTING SCHEDULES:	
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE.....	23
SCHEDULE OF OPERATING REVENUE .....	27
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES .....	31
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	35
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Donnie R. Foley, Bourbon County Judge/Executive

Members of the Bourbon County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Bourbon County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Bourbon County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Bourbon County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions as of June 30, 2000, of Bourbon County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable Donnie R. Foley, Bourbon County Judge/Executive  
Members of the Bourbon County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2001, on our consideration of Bourbon County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Bourbon County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
March 29, 2001

BOURBON COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

**Fiscal Court Members:**

Donnie R. Foley	County Judge/Executive
James S. Alexander	Magistrate
Marion Dawson	Magistrate
Barry L. Hay	Magistrate
Dorothy M. Mastin	Magistrate
Donald R. McCarthy	Magistrate
Stephen L. Roy	Magistrate
John N. Smoot	Magistrate

**Other Elected Officials:**

John J. Brady	County Attorney
Michael E. Fryman	Jailer
Richard S. Eads	County Clerk
Jacqueline Patrick Cox	Circuit Court Clerk
John A. Ransdell	Sheriff
Woodford Wayne Turner	Property Valuation Administrator
Rosemary Kitchen	Coroner

**Appointed Personnel:**

Mary Allen Hedges	County Treasurer
Mary Allen Hedges	Occupational Tax Collector
Charlotte Stone	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

BOURBON COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:

Cash \$ 818,634

Road and Bridge Fund:

Cash 371,055

Jail Fund:

Cash 750,024

Local Government Economic Assistance Fund:

Cash 142,546

Payroll Revolving Account - Cash 5,768

Fringe Benefits Account - Cash 853 \$ 2,088,880

Debt Service Fund Type

Public Properties Corporation Fund:

Cash 21

Other Resources

General Fund Type

Jail Fund:

Amounts to be Provided in Future Years for Jail Capital

Lease Obligations - Bond Principal Payments 1,725,000

Debt Service Fund Type

Public Properties Corporation Fund:

Amounts to be Provided in Future Years for Bond Payments \$ 554,979

Amounts to be Provided in Future Years for Building Purchase 120,004

Bond Anticipation Note 370,000 1,044,983

Total Assets and Other Resources \$ 4,858,884

The accompanying notes are an integral part of the financial statements.

BOURBON COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 2000  
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund Type

Jail Fund:

Capital Lease Obligation - Bond Principal Payments (Note 6)	\$ 1,725,000	
Payroll Revolving Account - Cash	5,768	
Fringe Benefits Account - Cash	<u>853</u>	\$ 1,731,621

Debt Service Fund Type

Public Properties Corporation Fund:

Bond Principal Not Matured (Note 4A)	\$ 555,000	
Building Purchase Principal (Note 4B)	120,004	
Bond Anticipation Note Payable (Note 5)	<u>370,000</u>	1,045,004

Fund Balances

Unreserved:

General Fund Type

General Fund	\$ 818,634	
Road and Bridge Fund	371,055	
Jail Fund	750,024	
Local Government Economic Assistance Fund	<u>142,546</u>	<u>2,082,259</u>
Total Liabilities and Fund Balances		<u>\$ 4,858,884</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

BOURBON COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	General Fund Type			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 4,708,333	\$ 3,043,013	\$ 752,629	\$ 635,541
Transfers In	747,467			448,498
Borrowed Money	370,000			
Kentucky Advance Revenue Program	1,480,625	1,409,925	70,700	
Total Cash Receipts	<u>\$ 7,306,425</u>	<u>\$ 4,452,938</u>	<u>\$ 823,329</u>	<u>\$ 1,084,039</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 4,602,265	\$ 2,272,186	\$ 718,430	\$ 848,793
Transfers Out	747,467	747,467		
Bonds:				
Principal Paid	95,000			
Interest Paid	32,150			
Jail Lease Participation Agreement:				
Principal Paid	90,000			90,000
Kentucky Advance Revenue Program Repaid	1,480,625	1,409,925	70,700	
Total Cash Disbursements	<u>\$ 7,047,507</u>	<u>\$ 4,429,578</u>	<u>\$ 789,130</u>	<u>\$ 938,793</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 258,918	\$ 23,360	\$ 34,199	\$ 145,246
Cash Balance - July 1, 1999	1,823,362	795,274	336,856	604,778
Cash Balance - June 30, 2000	<u>\$ 2,082,280</u>	<u>\$ 818,634</u>	<u>\$ 371,055</u>	<u>\$ 750,024</u>

\* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

BOURBON COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 2000  
 (Continued)

<u>General Fund Type</u>		<u>Capital Projects Fund Type</u>
Local Government Economic Assistance Fund	Federal Grant Fund	Bond Proceeds Fund
\$ 89,768	\$ 147,031	\$ 212,164 370,000
<u>\$ 89,768</u>	<u>\$ 147,031</u>	<u>\$ 582,164</u>
\$ 33,661	\$ 147,031	\$ 582,164
<u>\$ 33,661</u>	<u>\$ 147,031</u>	<u>\$ 582,164</u>
\$ 56,107 86,439	\$	\$
<u>\$ 142,546</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

BOURBON COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 2000  
 (Continued)

	<u>Debt Service Fund Type</u>	
	Public Properties Corporation Fund	
<u>Cash Receipts</u>		
Schedule of Operating Revenue	\$	40,351
Transfers In		86,805
Borrowed Money		
Kentucky Advance Revenue Program		
Total Cash Receipts	\$	<u>127,156</u>
<u>Cash Disbursements</u>		
Comparative Schedule of Final Budget and Budgeted Expenditures	\$	
Transfers Out		
Bonds:		
Principal Paid		95,000
Interest Paid		32,150
Jail Lease Participation Agreement:		
Principal Paid		
Kentucky Advance Revenue Program Repaid		
Total Cash Disbursements	\$	<u>127,150</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$	6
Cash Balance - July 1, 1999		<u>15</u>
Cash Balance - June 30, 2000	\$	<u><u>21</u></u>

\* Cash Balance Includes Investments

BOURBON COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Bourbon County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Bourbon County Public Properties Corporation as part of the reporting entity.

Additional – Bourbon County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Bourbon County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Bourbon County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Bourbon County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA), and the Federal Grant Fund.

BOURBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Capital Projects Fund Type

Capital Project Funds Type accounts for financial resources to be used for acquisition of major capital facilities. The Bond Proceeds Fund of the Fiscal Court is reported as a Capital Projects Fund Type.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and include funds for the Public Properties Corporation Fund. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Bourbon County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Corporation Fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

BOURBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on these criteria, the Ambulance Service is a joint venture between the City of Paris and Bourbon County.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 17.55 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

BOURBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2000, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Long-Term Debt

- A. On May 1, 1995, the Bourbon County Public Properties Corporation issued bonds, Series 1995, in the amount of \$1,000,000, for the purpose of paying courthouse renovation costs. Principal payments are made annually on February 1, and interest on the bonds is payable semiannually, on February 1 and August 1. To aid in debt relief, the Administrative Office of the Courts makes a biannual payment in the amount of \$20,120 directly to the Paying Agent. The county is liable for the remaining difference. As of June 30, 2000, the outstanding principal balance was \$555,000.

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
August 1, 2000	\$ 13,843	\$
February 1, 2001	13,843	100,000
August 1, 2001	11,442	
February 1, 2002	11,442	105,000
August 1, 2002	8,870	
February 1, 2003	8,870	110,000
August 1, 2003	6,120	
February 1, 2004	6,120	115,000
August 1, 2004	3,187	
February 1, 2005	3,188	125,000
Totals	<u>\$ 86,925</u>	<u>\$ 555,000</u>

BOURBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 4. Long-Term Debt (Continued)

- B. During Fiscal Year Ending June 30, 1998, the Bourbon County Public Properties Corporation entered into a promissory term note agreement with Community Ventures Corporation for the purchase and renovation of a manufacturing facility. The Public Properties Corporation is obligated to pay \$131,550 in principal payments over seven years beginning October 5, 1997, with a final balloon payment of \$100,055 due on September 5, 2004. As of June 30, 2000, the outstanding principal balance was \$120,004.

Obligations due in fiscal year ending June 30, 2001 include the following:

Principal - \$4,432  
Interest - \$5,986

The property was subsequently leased to Accutran Industries, Inc. The lease agreement requires monthly payments of \$868. Accutran Industries, Inc. is in substantial compliance with the terms of the lease agreement.

Note 5. Bond Anticipation Note

On November 20, 1999, a \$500,000 letter of credit was obtained in anticipation of a bond issue for the construction of the courthouse annex project. One draw was made on this note during the year in the amount of \$370,000. The funds were used to acquire the land needed for the project. As of the close of fiscal year ending June 30, 2000, this note was an outstanding liability. The Bourbon County Public Properties, as reported in Note 8, subsequently relieved the debt when the bonds were issued in August 2000.

Note 6. Long-Term Participation Agreement

During fiscal year ending June 30, 1992, the Bourbon County Fiscal Court entered into a twenty year, \$2,300,000 lease participation agreement with GMB Financial Group, Inc., for the construction of a detention center. As specified by the terms of the lease, principal payments are due annually on January 1, and interest payments are due semiannually on July 1 and January 1, respectively. As of June 30, 2000, the outstanding principal balance was \$1,725,000.

BOURBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 6. Long-Term Participation Agreement (Continued)

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
July 1, 2000	\$ 58,509	\$
January 1, 2001	58,509	95,000
July 1, 2001	55,041	
January 1, 2002	55,041	105,000
July 1, 2002	51,209	
January 1, 2003	51,209	110,000
July 1, 2003	47,194	
January 1, 2004	47,194	120,000
July 1, 2004	43,294	
January 1, 2005	43,294	130,000
July 1, 2005 - January 1, 2012	335,475	1,165,000
Totals	<u>\$ 845,969</u>	<u>\$ 1,725,000</u>

Note 7. Lease-Purchase Agreement

The county has entered into the following lease-purchase agreement:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Balance June 30, 2000</u>
Voting Machines	3/30/92	2/1/02	Variable	<u>\$ 15,000</u>

Note 8. Subsequent Events

The Bourbon County Fiscal Court authorized the Bourbon County Public Properties Corporation to issue \$4,705,000 in First Mortgage Revenue Bonds, Series 2000, dated August 1, 2000. The proceeds from the sale of the bonds are to be used for the acquisition, construction, installation, and equipping of a new circuit and district courts facility. The bonds shall be payable from revenues derived by the Corporation under a lease agreement dated August 1, 2000, between the Corporation, the Administrative Office of the Courts, and Bourbon County. Interest on the bonds will be payable semiannually on February 1 and August 1, beginning on February 1, 2001, and ending February 1, 2022. Bond principal will be payable annually on February 1, beginning on February 1, 2003, and ending February 1, 2022.

BOURBON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 8. Subsequent Events (Continued)

In anticipation of this bond issue, the Bourbon County Fiscal Court obtained a \$500,000 letter of credit during fiscal year 2000 from Kentucky Bank to be able to purchase the land for the project. The county had to draw \$370,000 on this note to buy the land on December 30, 1999. When the bonds were issued on August 1, 2000, the Bourbon County Public Properties relieved the \$370,000 debt.

Note 9. Jail Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1)(2), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 68.210 requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletins 93-002 and 97-001 provide additional accounting and expenditure guidance for acceptable jail canteen operations.

During fiscal year ended June 30, 2000, the Bourbon County Jail Canteen received \$62,499 and expended \$65,385. The Jail Canteen reported an ending balance of \$1,608 for fiscal year ended June 30, 2000.

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



BOURBON COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 3,941,800	\$ 3,043,013	\$ (898,787)
Road and Bridge Fund	794,848	752,629	(42,219)
Jail Fund	1,230,126	635,541	(594,585)
Local Government Economic Assistance Fund	95,100	89,768	(5,332)
Federal Grant Fund	1,182,284	147,031	(1,035,253)
<u>Capital Projects Fund Type</u>			
Bond Proceeds Fund	<u>3,137,748</u>		<u>(3,137,748)</u>
Totals	<u>\$ 10,381,906</u>	<u>\$ 4,667,982</u>	<u>\$ (5,713,924)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 10,381,906
Add: Budgeted Prior Year Surplus			1,780,100
Less: Other Financing Uses			<u>(1,665,625)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 10,496,381</u>

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SCHEDULE OF OPERATING REVENUE



BOURBON COUNTY  
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

GOVERNMENTAL FUND TYPES

	Totals (Memorandum Only)	General Fund Type	Debt Service Fund Type
<hr/>			
REVENUE:			
Taxes	\$ 2,284,513	\$ 2,284,513	\$
Excess Fees	39,287	39,287	
License and Permits	47,783	47,783	
Intergovernmental Revenues	2,064,852	2,024,612	40,240
Charges for Services	28,221	28,221	
Miscellaneous Revenues	100,961	100,961	
Interest Earned	142,716	142,605	111
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Total Operating Revenue	<u>\$ 4,708,333</u>	<u>\$ 4,667,982</u>	<u>\$ 40,351</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



BOURBON COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 1,805,215	\$ 678,528	\$ 1,126,687
Protection to Persons and Property	1,544,655	1,285,948	258,707
General Health and Sanitation	343,811	196,635	147,176
Social Services	263,328	209,418	53,910
Recreation and Culture	411,641	166,261	245,380
Roads	626,516	455,391	171,125
Debt Service	941,883	168,808	773,075
Capital Projects	460,324	306,977	153,347
Administration	961,260	552,135	409,125
Total Operating Budget - All General Fund Types	\$ 7,358,633	\$ 4,020,101	\$ 3,338,532
Other Financing Uses:			
Transfers to Public Properties			
Corporation Fund-			
Principal	95,000	86,805	8,195
Borrowed Money-			
Kentucky Advanced Revenue			
Program - Principal	1,480,625	1,480,625	
Jail Lease Participation Agreement-			
Principal on Lease	90,000	90,000	
TOTAL BUDGET - ALL GENERAL FUND TYPES	\$ 9,024,258	\$ 5,677,531	\$ 3,346,727

BOURBON COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 2000  
 (Continued)

<u>Expenditure Categories</u>	<u>CAPITAL PROJECTS FUND TYPE</u>		
	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
General Government	<u>\$ 3,137,748</u>	<u>\$ 582,164</u>	<u>\$ 2,555,584</u>
Total Operating Budget - All Capital Projects Fund Types	<u><u>\$ 3,137,748</u></u>	<u><u>\$ 582,164</u></u>	<u><u>\$ 2,555,584</u></u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Donnie R. Foley, Bourbon County Judge/Executive

Members of the Bourbon County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Bourbon County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated March 29, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bourbon County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bourbon County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett".

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
March 29, 2001

CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

BOURBON COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

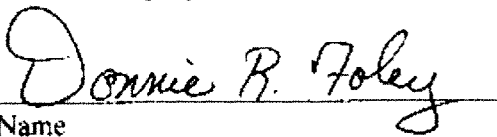
Appendix A



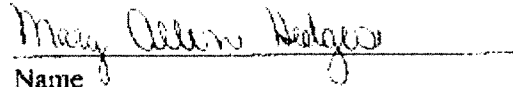
CERTIFICATON OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC DEVELOPMENT PROGRAM  
BOURBON COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Bourbon County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Fund was expended for the purpose intended, as dictated by the applicable Kentucky Revised Statutes.



Name  
Judge Executive



Name  
County Treasurer